SFDR PRODUCT DISCLOSURE

NIKKO AM GLOBAL GREEN BOND FUND

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(a) Résumé

Le Compartiment investit principalement dans des obligations émises à des fins environnementales par des émetteurs privés ainsi que des entités souveraines, des organisations supranationales et des agences (« SSA »). Il peut toutefois investir également dans des obligations émises à des fins sociales et de développement durable, telles que des obligations sociales, des obligations durables et des obligations liées à la durabilité, ainsi que dans des obligations émises par des sociétés qui exercent principalement des activités durables.

Afin de s’assurer que la stratégie n’a causé aucun préjudice important aux objectifs d’investissement durable, le Gestionnaire veille à ce que les obligations sélectionnées adhèrent aux Principes applicables aux obligations vertes de l’ICMA, aux Principes applicables aux obligations sociales de l’ICMA et/ou aux Lignes directrices applicables aux obligations durables de l'ICMA ou autres normes similaires, qui encouragent les émetteurs à mettre en place un processus permettant d'identifier les mesures d'atténuation des risques importants connus que le(s) projet(s) concerné(s) font peser en termes d'impact social et/ou environnemental. Lorsque le Compartiment investit dans des obligations qui adhèrent aux Principes applicables aux obligations liées à la durabilité de l'ICMA visés ci-dessus, ou à des normes similaires, le Gestionnaire vérifiera si les objectifs des indicateurs clés de performance ESG définis par l'émetteur sont suffisants pour s'assurer que ce dernier ne causera pas de préjudice injustifié à d'autres objectifs environnementaux ou sociaux.

En dehors de ces catégories, les obligations éligibles seront exclusivement des obligations d'émetteurs qui tirent l'essentiel ou la totalité de leurs revenus d'activités durables et/ou qui consacrent l'essentiel ou la totalité de leurs dépenses d'investissement ou de leurs dépenses opérationnelles à des activités durables.

Pour s'assurer que ses attentes ont été satisfaites, le Gestionnaire examinera en outre les rapports de vérification de tiers et les indicateurs de durabilité afin de s'assurer qu'aucun préjudice important n'est survenu.

Le Gestionnaire évalue également la bonne gouvernance des entreprises/émetteurs bénéficiaires des investissements en s’assurant qu'ils sont en mesure de rembourser leur dette sur le long terme et en surveillant les controverses liées à la structure de gestion, aux relations avec les employés, à la rémunération du personnel et à la conformité fiscale.

Le Gestionnaire prévoit d’investir au moins 90% des actifs du Compartiment dans des obligations pour lesquelles l'utilisation prévue des produits est liée à un objectif environnemental. A cette fin, il peut analyser les indicateurs de durabilité suivants : adhésion aux normes internationalement reconnues pour la publication d'informations en matière de finance durable (tels que les Principes de l'ICMA) ; indicateurs publiés dans les rapports de vérification de tiers indépendants ; analyse des indicateurs d'incidences

négatives concernant les émissions de GES et la consommation d’énergie non renouvelable.

Dès lors que les fournisseurs de données externes proposent généralement des données au niveau de l’émetteur plutôt qu’au niveau de l’émission pour ce qui est des obligations vertes, et que les données peuvent être particulièrement rares, les incidences négatives découlant de l'allocation du produit des obligations doivent être évaluées indirectement en examinant le cadre de l'obligation verte de l'émetteur, en analysant les données au niveau de l'émetteur et en consultant les rapports de durabilité de l'émetteur ainsi que les rapports de vérification réalisés par des tiers. Ceci peut entraîner certains retards dans l'identification d'un préjudice important potentiellement causé à d'autres objectifs durables.

Le Gestionnaire a mis au point un processus d'examen top-down unique qui est appliqué à chaque position du portefeuille. Cette approche distinctive combine des évaluations durables sous trois angles différents : la stratégie de durabilité de l'émetteur, le cadre obligataire pré-émission et le rapport d'allocation et d'impact post-émission.

Dans le cadre de ce processus, nous collectons et examinons des données de tiers et des documents de référence afin de garantir la cohérence entre la stratégie de durabilité de l'émetteur et l'émission d'une obligation labellisée, mais aussi pour nous assurer que l'obligation elle-même respecte les normes de publication les plus élevées, avec une utilisation transparente et efficace des produits. Ce processus d'examen qualitatif est réalisé en amont de l'investissement. Si des problèmes sont identifiés, il pourra être décidé de ne pas investir ou de procéder à une diligence raisonnable renforcée, par le biais de l'engagement.

Les obligations sélectionnées devront donc fournir une description claire des projets à financer, faire preuve de pertinence dans le choix des projets ainsi que d'une totale transparence dans le processus de gestion des produits, publier fréquemment des informations et faire l'objet d'une vérification, par un tiers indépendant, portant sur la sélection des projets et l’utilisation des fonds.

Les démarches d'engagement sont entreprises de manière proactive par le Gestionnaire au travers du processus d'évaluation de la durabilité, lequel permet d'identifier les obligations qui nécessitent une diligence raisonnable renforcée ou de remédier aux lacunes des données des fournisseurs tiers.

Ce Compartiment n’a pas désigné d’indice de référence aligné sur son objectif d’investissement durable.

(b) No significant harm to the investment objective

Where the Sub-Fund invests in bonds that adhere to the ICMA Green Bond Principles, ICMA Social Bond Principles and/or ICMA Sustainability Bond Guidelines or similar, standards which encourages issuers to have a process in place to identify mitigants to known material risks of negative social and/or environmental impacts from the relevant project(s), the Investment Manager will have reviewed the applicable principles and standards and expect bond issuers to manage material risks in order to avoid causing undue harm on other environmental or social objectives.

Where the Sub-Fund invests in bonds that adhere to the above defined ICMA Sustainability-Linked Bond Principles or similar standards, the Investment Manager will review whether the ESG key performance indicator targets defined by the issuer are sufficient to ensure that the issuer will not cause undue harm on other environmental or social objectives.

Bonds that do not fall in any of these categories will be limited to bonds from issuers that derive most or all of their revenue from sustainable activities and/or allocate most or all of their capital expenditure or operational expenses to sustainable activities. Such issuers will have business activities that are exclusively focused on sustainable activities and are not expected to cause undue harm on other environmental or social objectives.

To ensure its expectations were met, the Investment Manager will also review third-party verification reports and sustainability indicators to ensure that no significant harm materialised.

How have the indicators for adverse impacts on sustainability factors been taken into account?

All principle adverse impact indicators are also scrutinized in third party verification or issuers sustainability reports to ensure that investments do not cause significant harm to any environmental or social sustainable investment objectives.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Investment Manager monitors whether violations of the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises have been reported and review them to assess if they caused significant harm to an environmental or social sustainable investment objective:

SFDR sustainability indicators	**How they are taken into account**
Violations of the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises	Binding limit
Absence of policies to monitor compliance with the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises	Warning

(c) Sustainable investment objective of the financial product

The Sub-Fund seeks to achieve this investment objective by primarily investing in bonds issued in multiple currencies by Corporate issuers and SSAs with its main focus on bonds issued for environmental purposes.

The Sub-Fund may also invest in bonds issued for social and sustainability purposes, such as social bonds, sustainability bonds and sustainability-linked bonds and bonds issued by companies that focus on sustainable activities.

The Sub-Fund will invest primarily in the following bonds that are outlined by the ICMA Bond Principles, namely green bonds, social bonds, sustainability bonds and sustainability-linked bonds. This framework was reviewed by the Investment Manager and assessed to provide sufficient comfort and transparency to ensure that bond proceeds will be allocated to sustainable activities and will not generate significant environmental or social harm.

Bonds that do not fall in any of these ICMA categories will be limited to bonds that are subject to similar internationally recognised standards for sustainable finance disclosures (such as the Green Bond Standard).

The Sub-Fund may also invest in bonds from issuers that derive most or all of their revenues from sustainable activities or allocate most of their capital expenditure or operational expenses to sustainable activities and do not generate significant environmental or social harm.

The bonds in which the Sub-Fund may invest and which are not issued for any environmental purpose, will have strong sustainable credentials and are selected based on sustainable-oriented goal mission statements such as:

- The promotion of equitable and sustainable growth;
- The reduction of poverty and inequality in a sustainable, climate friendly way;
- The economic and social development of emerging market economies;
- The improvement of inclusion and the living conditions of the most vulnerable populations across Europe.
- The promotion of environmentally sound and sustainable development.

(d) Investment strategy

Investment strategy

The Sub-Fund primarily invests in bonds issued by SSAs and corporate issuers with its main focus on green bonds issued for environmental purposes. The Sub-Fund may also invest in bonds issued for social and sustainability purposes, such as social bonds, sustainability bonds, sustainability-linked bonds and bonds issued by companies that focus on sustainable activities.

The investment strategy used to attain the sustainable investment objective focuses on the following elements:

- Investing in bonds whose proceeds are tied to environmental projects (and in limited cases social sustainable investment objectives).
- Requiring that those bonds adhere to stringent internationally recognised standards in terms of foreseen proceeds allocation, transparency of investment process, reporting and independent verification requirements. In case a bond issuance does not rely on such standards, requiring that the bond issuer's focus is on sustainable activities.
- Controlling that the sustainable investment goals are achieved by engaging with the issuers directly, reviewing issuers sustainability reports and independent verification agency reports, analysing indicators provided by third party data providers.

Any other bonds or bonds whose proceeds are invested in violation of the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises will be excluded from the investment universe.

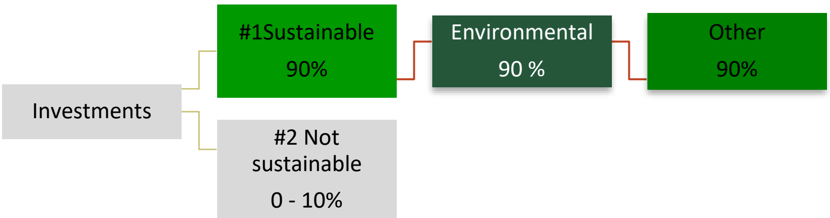
Good governance

The focus of the Sub-Fund's strategy is to purchase bonds where the proceeds promote certain environmental or social characteristics. However, the ability of an issuer to repay its debt over the long term is a key component of issuers screening and the Investment Manager intends to avoid purchasing bonds that have the potential to default. Defaults most often occur when the bond issuer has run out of cash to pay its bondholders, which may be a result of poor governance.

Consequently, good governance is an important aspect of the analysis of bond issuers by the Investment Manager, who assesses the good governance of investee companies and issuers by monitoring controversies that may be related to management structures, employee relations, remuneration of staff and tax compliance, in order to ensure that their behaviour remains coherent with good governance practices.

While the Investment Manager recognises that Sovereign, Supranational and Agencies issuers are generally subject to the highest standards when it comes to good governance, the team also conducts issuer due diligence by utilising third-party reports (such as independent verification agency reports) and producing internal reports (summarising the research results). The Investment Manager considers that good governance of these issuers is an important consideration prior to making any investments, as it wishes to be assured that these issuers are appropriately capitalised to the extent of callable capital.

(e) Proportion of investments



#1 Sustainable covers sustainable investments with environmental or social objectives.
#2 Not sustainable includes investments which do not qualify as sustainable investments.

Ancillary liquid assets (bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) and financial derivative instruments including foreign exchange forwards, swaps & non-deliverable forwards for hedging the Sub-Fund's currency exposure or for efficient portfolio management are not included in the % of assets out in the table above. These holdings fluctuate depending on investment flows and are ancillary to the investment policy with minimal or no impact on investment operations. The asset allocation indicated above is expected under normal market conditions, but investments included under #2 may be increased temporarily under the conditions as outlined in the investment policy of the Sub-fund.

The Sub-Fund will only invest in bonds that have been assessed to constitute sustainable investments (#1) and in Money Market Instruments, bank deposits and other eligible liquid assets as defined in the Sub-Fund's investment policy for investment and treasury purposes without being part of the core investment policy (#2).

The Investment Manager expects to invest at least 90% of the Sub-Fund assets in bonds whose use of proceeds include an environmental objective.

The minimum share of investments made for environmental purposes and required to be aligned with the EU Taxonomy is 0%.

All bonds held by the Sub-Fund will however have to be aligned with the above defined ICMA categories or bonds that are subject to similar internationally recognised standards for sustainable finance disclosures (such as the EU Green Bond Standard) or bonds from issuers that are focused on sustainable activities as defined above and will be subject to due diligence monitoring to ensure that they constitute sustainable investments.

(f) Monitoring of sustainable investment objective

The following sustainability indicators are reviewed to ensure investments are going to be invested in line with sustainable investment objectives targeted by the Investment Fund Manager:

- Adhering to the ICMA Green Bond Principles, the ICMA Social Bond Principles, the

ICMA Sustainability Bond Guidelines, the ICMA Sustainability-Linked Bond Principles, the EU Green Bond Standard, or such other internationally recognised standards for sustainable finance disclosures that may be applicable.

- Sector of activity from which revenues are generated/to which expenses are dedicated.
- All indicators published within the independent third-party verification reports
- Environmental, social and governance ("ESG") related indicators and controversies that have been reported through third party data vendors or collected by the Investment Manager

Adverse impact sustainability indicators are also reviewed to ensure investments are performing in line with the depicted proceed uses. A specific focus is performed and the following indicators:

- Scope 1, Scope 2 and Total GHG emissions
- Carbon Footprint
- GHG Intensity
- Amount of non-renewable energy consumption and non-renewable energy production
- Violations of the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises
- Absence of policies to monitor compliance with the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises
- Investments not certified as green
- Bonds not certified as green

(g) Methodologies

The Investment Manager has developed a unique bottom-up review process that applies to every holding in the portfolio. This distinctive approach combines sustainable assessments from three different lenses:

1. The issuer's sustainability strategy
2. The pre-issuance bond framework
3. The post-issuance allocation and impact report

Through this process, we gather and review both third-party data and source materials to ensure consistency between the issuer's sustainability strategy and the issuance of a labelled bond but also that the bond itself follows best disclosure standards with transparent and impactful use of proceeds. This qualitative review process is taking place before investing and, if concerns are identified, can lead to the decision not to invest or to conduct enhanced due diligence, through engagement.

As part of this review sources of potential adverse impacts on other sustainable investment objectives are identified in order to ensure that they won't cause undue significant harm.

Issuers sustainability reports and adverse impact indicators are thereafter monitored at least annually to ensure that investments had the expected impact (for example by observing how the issuers GHG footprint is evolving) and that potential adverse impacts that were defined during the screening process have not materialized.

(h) Data sources and processing

The data used to monitor adverse impact indicators is acquired from specialized third-party vendors, through the direct engagement of the portfolio management team with bond issuers and through the review of bond issuer disclosures.

Third-party vendor data is sourced by an independent ESG data team who performs data quality controls including the review of missing data points or abnormal results.

The ESG data team then processes the data by ensuring it flows to the relevant portfolio management system and provides the portfolio management and the control teams with tools and reports that allow them to monitor whether the bond proceeds were invested as expected.

(i) Limitations to methodologies and data

Third-party data vendors typically provide data at issuer level rather than green bond issue level. Adverse impacts generated by the bond proceeds allocation has therefore to be assessed indirectly by reviewing the issuer green bond framework, through issuer level data analysis and by reviewing the issuer sustainability reports and third-party verification reports. Data is particularly scarce when it concerns green bonds issued by SSAs. The Investment Manager has therefore pro-actively engaged with its bond issuers focussing on the most meaningful principle adverse impact indicators given the sustainable investment objective it targets.

Despite those efforts and although the investment process brings a high level of assurance that bond proceeds will be dedicated to fund sustainable projects, the Investment Manager may experience delays when identifying potential harms on other sustainable objectives.

(j) Due diligence

- Green bonds, social bonds and sustainability bonds selected will have to be issued under the ICMA Green Bond Principles, ICMA Social Bond Principles, ICMA Sustainability Bond Guidelines or similar internationally recognised standards for sustainable finance disclosures (such as the EU Green Bond Standard) which: provide a clear description of the projects to be financed (including goals, projected impacts, sustainable development principles);

- demonstrate competent project selection as well as a fully transparent process of the management of proceeds;
- provide frequent public reporting including project description, allocation of funds and environmental impacts (quantified where feasible);
- be subject to a verification of the project selection and use of funds performed by an independent third party.

Social bonds will have to fulfil sustainable-oriented goals such as:

- the promotion of equitable and sustainable growth;
- the reduction of poverty and inequality in a sustainable, climate friendly way;
- the economic and social development of emerging market economies;
- the improvement of inclusion and the living conditions of the most vulnerable populations across Europe;
- the promotion of environmentally sound and sustainable development.

Sustainability-linked bonds will have to be issued under the ICMA Sustainability Linked Bond Principles or similar internationally recognised standards for sustainable finance disclosures and will have to:

- Select Key Performance Indicators (KPIs) that will allow the Investment Manager to monitor the bond issuer's sustainability performance;
- Define Sustainability Performance Targets (SPT) that are meant to be reached by the selected KPIs;
- Not reaching the SPT shall trigger a financial or structural impact (that shall act as an incentive for the issuer to reach its SPT);
- The issuer shall report regularly on its KPI level and performance against the SPT;
- The above process shall be subject to third party verification and the issuance of publicly available reports;
- The defined KPI and SPT shall allow the financed activities to be considered as sustainable and contribute to one of the Sub-Fund's sustainable investment objectives.

(k) Engagement Policies

Engagement is considered by the Investment Manager as a long-term and pro-active activity rather than just a short-term reactive one. It is critical to the investment review and due diligence process and can be conducted pre-and post-investment. As part of the Investment Manager sustainability assessment a clear framework was designed to drive engagement activity with issuers.

Through that process in place, the Investment Manager identifies and flags bonds that require an enhanced due diligence to be conducted to ensure the bond remains fully suitable with the sustainable objective of the portfolio. This can include engagements to encourage additional transparency on the bond proceeds allocation, request clarifications and/or stronger commitments in terms of the issuer sustainability strategy.

Engagement is also used to remediate to third party vendor data limitations by actively asking issuers for enhanced information disclosure.

Collaborative engagement initiatives with other investors, to address specific sustainability challenges or concerns with an issuer, are also part of the engagement strategy.

(l) Attainment of the sustainable investment objective

This Sub-Fund has not designated a reference benchmark that is aligned with its sustainable investment objective.